

INCUBATING, PROTOTYPING, AND DEVELOPING “OFF-THE-SHELF” POLICY INSTRUMENTS: SME IDEAS COMPETITION

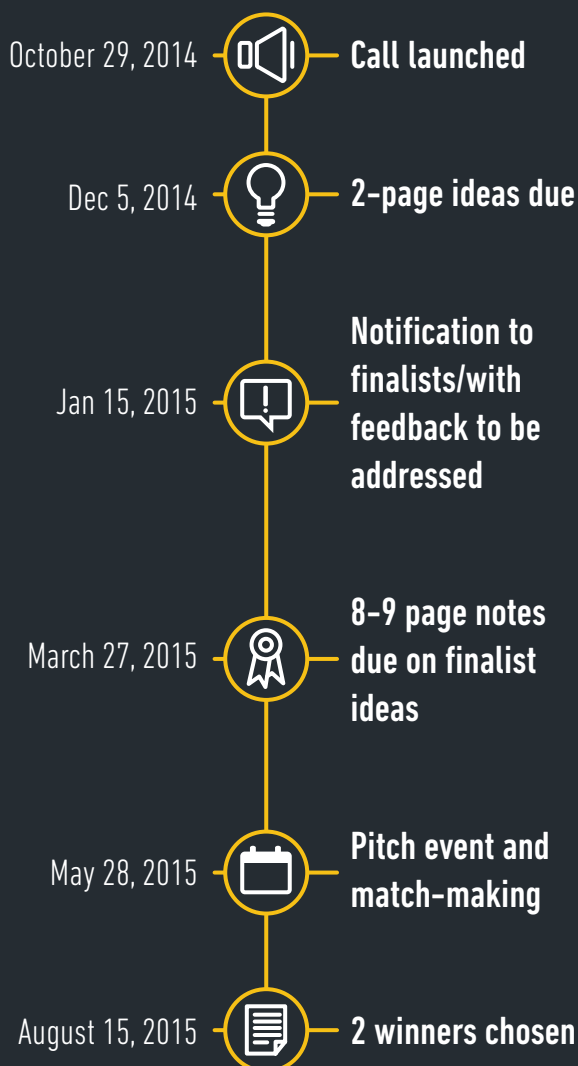
CONTEXT

The World Bank and governments around the world have a very limited range of policy instruments that are typically used to foster small and medium enterprise (SME) growth and entrepreneurship.

INTERVENTION

To generate new ideas for SMEs, a call was issued to both internal and external researchers to propose new ideas for policies in this area, motivated by economic theory and existing research findings. This ideas competition was itself a proof of concept, and the results suggest that this approach to generating new policy ideas could be used more widely.

PROCESS AND TIMELINE



INNOVATIVE IDEAS:



PROCESS AND TIMELINE

The competition showed that there was a supply of potential innovative ideas, with more than 70 submissions received, narrowed down to 15 finalists, who were then asked to prepare 8 to 9 page concept notes on their ideas, resulting in a portfolio of new ideas that on-the-ground staff could use in their decisions with policymakers.

In May 2015, a pitch event was held where these ideas were pitched (each finalist presented their idea in a 5-7 minute pitch followed by 5 minutes of questions and answers), to operational staff working on SME programs and projects.

Good attendance at this event showed a demand for new ideas, and match-making resulted in two winners being chosen to be piloted:

- a business libraries project in Kenya
- a value-chain intermediation project in Colombia.

In December 2016, the Trade and Competitiveness Global Practice launched an SME Productivity Launchpad, for teams to develop innovative ideas in the SME space.

FUNDING USE

Support development of idea to concept note stage; funded part of pilot intervention; co-funded impact evaluation

ACTION

Test out a new idea for policy feasibility and as an impact evaluation



PILOT PROJECT 1

USING BUSINESS LIBRARIES TO PROMOTE GROWTH IN SMALL MANUFACTURERS

CONCEPT

The first idea piloted was a business library, launched as WorkShop Nairobi. The idea was to upgrade the skills and access to capital of the jua kali furniture maker sector, providing (1) access to shared machinery that would be too expensive and not used often enough for any single firm to buy, (2) training on the use of this machinery and of more advanced techniques and designs, and (3) supplementary training services.

The team set up both a high intensity 30-hour training course, as well as a mobile app to provide a low-intensity digital version.

FINDINGS

An impact evaluation carried out found that:

- take-up was lower than anticipated
- program led to significant increases in innovation outcomes (number of new designs and likelihood of purchasing new tools for those who did participate) (Shapiro and Jang, 2017).

SUSTAINABILITY

The workshop continues to operate and is developing a path to financial sustainability by developing its own product line, examples of which can be found at <https://www.workshopnairobi.com/>.



PILOT PROJECT 2 LEVERAGING TECHNOLOGY TO SHORTEN SUPPLY CHAINS IN COLOMBIA

CONCEPT

Agruppa, in Colombia, aggregates demand of mom-and-pop shops in a given neighborhood. Compiling larger quantities, they then generate economies of scale, source produce from farmers, bring it to their warehouse in the city and then deliver onto their customers' shops. The goal was to:

- reduce the amount of time and money spent by small vendors travelling each day to the central marketplace.
- reduce costs to these firms, and hopefully result in price savings for customers in poor neighborhoods.

FINDINGS

After being selected as one of the winners, Agruppa went from supplying 20 to supplying 300 firms on a recurrent basis, selling to over

1000 shops overall. Preliminary results from an ongoing impact evaluation found:

- reduction in travel time for firm owners
- lowered costs of produce to small vendors by approximately 15%
- 5-10% lower prices for consumers of these products.

SUSTAINABILITY:

However, in order to break even, Agruppa calculated that they would need a lot more capital, and to scale to at least 1,500 regular clients. They received some additional funding from social investors, but in January 2018 closed down.



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